

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 DRC-01 SS-20

NSC-10 L-03 /091 W

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P R 211819Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5749

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

UNCLAS SECTION 01 OF 02 LONDON 13637

E.O. 11652: N/A

TAGS: ETRN, UK

SUBJ: CIVAIR - US/UK AIRLINES AGREE ON CAPACITY  
REDUCTIONS.

1. PANAM, TWA, BRITISH AIRWAYS (BA), AND BRITISH  
CALEDONIAN REACHED AGREEMENT DURING MEETING IN LONDON  
NOVEMBER 21 ON SCHEDULED SERVICE REDUCTIONS BETWEEN  
LONDON AND FOLLOWING US POINTS: NEW YORK, BOSTON,  
PHILADELPHIA, AND CHICAGO. IN ADDITION, TENTATIVE  
CAPACITY AGREEMENT REACHED LONDON-LOS ANGELES MARKET.  
DETAILS OF AGREEMENTS SET FORTH BELOW.

2. NEW YORK-LONDON MARKET: PANAM, TWA AND BA EACH  
AGREED DROP ONE 707/VC10 SERVICE. THIS WILL LEAVE  
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BOTH PANAM AND BA WITH TWICE DAILY 747 SERVICE AND

TWA WITH ONCE DAILY 747 AND 707 SERVICE. BCAL HAD ORIGINALLY PROGRAMMED SEVEN NON-STOP AND TWO ONE-STOP 707 SERVICES PER WEEK IN NEW YORK MARKET. BEFORE TALKS BEGAN, BECAUSE OF FUEL SHORTAGE, IT HAD UNILATERALLY DECIDED TO DROP ITS TWO ONE-STOP SERVICES. AS RESULT OF INTERCARRIER ARRANGEMENT, BCAL WILL EITHER DROP ONE OF ITS NON-STOP FLIGHTS OR, DEPENDING ON FUEL AVAILABILITY, RESCHEDULE IT AS A ONE-STOP SERVICE. NEW YORK-LONDON AGREEMENT IS FOR PERIOD JANUARY 6-APRIL 27 INCLUSIVE. CAPACITY REDUCTION, ACCORDING TO BA CALCULATION, WILL RESULT IN 21 PER CENT FUEL SAVING BY CARRIERS INVOLVED. SEAT CAPACITY WILL BE REDUCED BY 18 PER CENT. FIFTH-FREEDOM CARRIERS AIR INDIA (DAILY 747 SERVICE), PIA (THRICE-WEEKLY 707 SERVICE), AND EL AL (FOUR 747 SERVICE WEEKLY), WERE PRESENT DURING MEETING BUT NONE WOULD AGREE TO ANY REDUCTIONS. SEABOARD WORLD WAS AT MEETING AND EXPRESSED WILLINGNESS DISCUSS WITH OTHERS REDUCTIONS IN AIR CARGO CAPACITY WHEN REQUESTED TO DO SO.

3. PHILADELPHIA-LONDON MARKET' PANAM, TWA AND BA EACH AGREED TO REDUCE FREQUENCIES FROM DAILY SERVICE TO FIVE PER WEEK. AIRLINES ALSO AGREED ON DAYS OF THE WEEK EACH WOULD OPERATE TO ENSURE TRAVELING PUBLIC ADEQUATE SERVICE. PHILADELPHIA-LONDON AGREEMENT WILL BE IMPLEMENTED WHEN TWA STRIKE ENDS AND WILL LAST UNTIL APRIL 28.

4. BOSTON-LONDON MARKET: AS IN PHILADELPHIA MARKET, BIG THREE CARRIERS AGREED TO REDUCE FROM DAILY SERVICE TO FIVE TIMES PER WEEK. EACH DAY'S PATTERN OF SERVICE ALSO AGREED. BOSTON AGREEMENT BEGINS WHEN TWA STRIKE ENDS BUT LASTS ONLY UNTIL DECEMBER 31.

5. CHICAGO-LONDON MARKET: BOTH BA AND TWA WILL REDUCE TO FIVE FLIGHTS PER WEEK AND THEY AGREED ON DAYS OF THE WEEK EACH WILL OPERATE. AGREEMENT WILL LAST UNTIL APRIL 28.

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6. LOS ANGELES-LONDON MARKET: SUBJECT TO TWA AND PANAM REACHING SATISFACTORY AGREEMENTS WITH OTHER FOREIGN OPERATORS, BA, BCAL, PANAM AND TWA REACHED AN UNDERSTANDING UNDER TERMS OF WHICH BOTH PANAM AND TWA WILL OPERATE FOUR NON-STOP AND THREE ONE-STOP 747 SERVICES, BA WILL OPERATE THREE NON-STOP AND THREE ONE-STOP 747 SERVICES, AND BCAL WILL REDUCE FROM FOUR TO THREE NON-STOP 707 SERVICES. IF

THE LAX AGREEMENT COMES INTO EFFECT, BCAL WILL GET  
BACK THE NON-STOP SERVICE IT DROPPED IN THE NEW  
YORK MARKET (SEE PARA 2 ABOVE). THE LAX AGREEMENT  
WOULD BE EFFECTIVE JANUARY 6 TO APRIL 27 INCLUSIVE.

7. WASHINGTON-LONDON MARKET: BA SAID IT UNABLE  
OFFER PANAM A REDUCTION AT WASHINGTON UNLESS IT CAN  
GET AGREEMENT WITH NATIONAL AIRLINES FOR A REDUCTION

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AT MIAMI' ACCORDING TO BA, IN EARLIER TALKS WITH  
NA, LATTER TOOK POSITION THAT SINCE ITS DC-10  
SERVICE USED LESS FUEL THAN BA'S 747S, IT NOT  
INCUMBENT ON NA TO REDUCE SERVICE. BA NOTES THAT  
SITUATION IS REVERSED AT WASHINGTON WHERE BA

OPERATES VC10 AGAINST PANAM'S 747. BA HOLDS  
VIEW REDUCTIONS IN BOTH MIAMI AND WASHINGTON ARE  
IN ORDER BUT WON'T CUT BACK IN ONE WITHOUT AGREEMENT  
IN OTHER.

8. FUTURE PLANS: CARRIERS CLEARLY DID NOT COME  
TO MEETING WITH IDEA OF NEGOTIATING SCHEDULE  
PATTERNS BEYOND NEXT SPRING. THERE WAS A  
CONSENSUS VIEW, HOWEVER, THAT, ASSUMING FUEL  
SHORTAGE CONTINUES, NEXT SUMMER EACH OF BIG THREE  
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SHOULD NOT EXCEED THRICE-DAILY 747 SERVICE IN NEW  
YORK-LONDON MARKET.

9. COMMENT: US AND UK AIRLINES DEMONSTRATED  
POSITIVE, CONSTRUCTIVE ATTITUDE THROUGHOUT ONE-DAY  
MEETING. ALL SHOWED SYMPATHY AND UNDERSTANDING  
FOR ONE ANOTHER'S PARTICULAR PROBLEMS IN SPECIFIC  
MARKETS AND WERE WILLING TO ADOPT FLEXIBLE APPROACH  
IN ORDER TO ACHIEVE COMMON OBJECTIVE. IT PROBABLY  
SAFE TO ASSUME THAT BIG THREE CARRIERS HOPED THAT  
THEIR CAPACITY REDUCTION AGREEMENT FOR US/UK WOULD  
SERVE AS EXAMPLE TO OTHER AIRLINES IN OTHER MARKETS.  
INTRANSIGENCE OF FIFTH FREEDOM CARRIERS IN REFUSING  
TO CONSIDER PROPORTIONAL REDUCTIONS IN THEIR OWN  
SERVICES PRESENTS A PROBLEM, HOWEVER, AND, IF  
UNRESOLVED, MAY ERODE BASIS OF US/UK AIRLINE  
COOPERATION.

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## Message Attributes

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